



Department of Justice

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MITSUBISHI CORPORATION FINED \$134 MILLION FOR ITS ROLE IN INTERNATIONAL PRICE-FIXING CARTEL

Fourth Largest Fine Ever Imposed in an Antitrust Case

WASHINGTON, D.C. -- Mitsubishi Corporation was fined \$134 million today after being convicted for its role in an international graphite electrodes price-fixing cartel, the Department of Justice announced. This fine is the second-highest fine imposed in the graphite electrodes investigation and is the fourth-largest fine ever imposed in an antitrust case.

On February 12, 2001, the Mitsubishi Corporation of Tokyo, Japan, was convicted after a two-week jury trial in U.S. District Court in Philadelphia of aiding and abetting a conspiracy among the world's major manufacturers of graphite electrodes to fix prices in the U.S. and elsewhere, beginning at least as early as March 1992 and continuing until at least June 1997.

On April 19, 2001, the Department of Justice's Antitrust Division and Mitsubishi reached an agreement to jointly recommend that the Court impose a fine of \$134 million against Mitsubishi as a result of its conviction. The joint sentencing recommendation was approved and accepted today by Judge Marvin Katz of the U.S. District Court in Philadelphia.

From February 1991 until January 1995, Mitsubishi Corporation owned 50 percent of UCAR International, the world's largest producer of graphite electrodes. The indictment charged that Mitsubishi assisted the graphite electrode conspirators in establishing and carrying out their cartel by:

- counseling, inducing, and encouraging UCAR to meet with competitors and agree to fix, maintain and stabilize prices of graphite electrodes;
- arranging, facilitating, or otherwise providing assistance for conspiratorial meetings and communications between UCAR and competitors, including Showa Denko, Tokai, SEC, and Nippon;
- selling graphite electrodes on behalf of Showa Denko, Tokai, and SEC at prices it knew to be fixed pursuant to the conspiracy described above; and
- concealing the existence of the conspiracy from customers and others to allow the continuation of the conspiracy.

Mitsubishi profited from the cartel both as a trader, selling the price-fixed electrodes on behalf of some of the conspirators, and as a 50 percent owner of UCAR.

“The prosecution of Mitsubishi and this \$134 million fine should send a strong deterrent message to those who participate in or knowingly aid international cartels that increase prices for American businesses and consumers,” said John M. Nannes, Acting Assistant Attorney General in charge of the Antitrust Division.

Previous prosecutions of the international graphite electrode cartel members have yielded fines totaling more than \$300 million to date. Six major producers of graphite electrodes in the world have been convicted and fined as follows:

- SGL Carbon AG (\$135 million) of Wiesbaden, Germany;
- UCAR International Inc. (\$110 million) of Danbury, Connecticut;
- Showa Denko Carbon Inc. (\$32.5 million) Ridgeville, South Carolina;
- Tokai Carbon Co. Ltd. (\$6 million) of Tokyo, Japan;
- SEC Corporation (\$4.8 million) of Hyogo, Japan; and
- Nippon Carbon Co. Ltd. (\$2.5 million) of Tokyo, Japan.

The seventh producer, The Carbide Graphite Group, of Pittsburgh, cooperated in the investigation and the company and its executives received amnesty.

Three individuals have also been convicted in the price-fixing scheme:

- Robert P. Krass (former CEO of UCAR) (17 months imprisonment;
- \$1.25 million fine);
- Robert J. Hart (former UCAR COO) (9 months imprisonment;
- \$1 million fine); and
- Robert J. Koehler (CEO of SGL Carbon AG) (\$10 million fine).

Graphite electrodes are large columns used in electric arc furnaces in steel-making “mini-mills.” This method of making steel is the fastest growing in the United States and now accounts for 50 percent of the steel manufactured in this country. The electrodes generate the intense heat necessary to melt scrap and further refine steel. Total sales of graphite electrodes in the United States were more than \$1.7 billion during the term of the conspiracy.

Mitsubishi’s conviction was the result of an investigation conducted by the Antitrust Division’s Philadelphia Field Office and the Federal Bureau of Investigation in Philadelphia.

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